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2021/0137 (NLE)

Proposal for a

COUNCIL DECISION

on guidelines for the employment policies of the Member States

EXPLANATORY MEMORANDUM

The Treaty on the Functioning of the European Union provides that Member States are to regard their economic policies and promoting employment as a matter of common concern and shall coordinate their action within the Council. It provides that the Council is to adopt employment guidelines (Article 148), specifying that they must be consistent with the broad economic policy guidelines (Article 121).

Whilst the broad economic policy guidelines remain valid for any duration of time, the employment guidelines need to be drawn up each year. The guidelines were first adopted together ('integrated package') in 2010, underpinning the Europe 2020 strategy. The integrated guidelines remained stabspecialle until 2014. Revised integrated guidelines were adopted in 2015. In 2018 the employment guidelines were aligned with the principles of the European Pillar of Social Rights proclaimed in November 2017 by the European Parliament, the Council and the Commission, with a view to drive reforms at national level and to serve as a compass for a renewed process of convergence across Europe. The Guidelines remained unchanged in 2019. In 2020, they were aligned to integrate elements related to the consequences of the COVID-19 crisis, the green and digital transitions, and the UN Sustainable Development Goals.

Along with the broad economic policy guidelines, the employment guidelines are presented as a Council Decision on guidelines for the employment policies of the Member States (Part II of the Integrated Guidelines) and provide the basis for country specific recommendations in the respective domains.

The overall objectives and priorities expressed in the guidelines for the employment policies remain valid. By virtue of Article 148(2) TFEU, the validity of the Employment Guidelines for 2021 needs to be confirmed by a Council decision, following consultation of the European Parliament, the European Economic and Social Committee, the Committee of the Regions and the Employment Committee.

The "Employment Guidelines" are the following:

Guideline 5: Boosting the demand for labour

Guideline 6: Enhancing labour supply and improving access to employment, skills and competences

Guideline 7: Enhancing the functioning of labour markets and the effectiveness of social dialogue

Guideline 8: Promoting equal opportunities for all, fostering social inclusion and fighting poverty

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 148(2) thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Parliament[1],

Having regard to the opinion of the European Economic and Social Committee[2],

Having regard to the opinion of the Committee of the Regions[3],

Having regard to the opinion of the Employment Committee[4]

Whereas:

(1) Member States and the Union are to work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce, as well as labour markets that are future- oriented and responsive to economic change, with a view to achieving the objectives of full employment and social progress, balanced growth, a high level of protection and improvement of the quality of the environment laid down in Article 3 of the Treaty on European Union. Member States are to regard promoting employment as a matter of common concern and are to coordinate their action in this respect within the Council, taking into account national practices related to the responsibilities of management and labour.

(2) The Union is to combat social exclusion and discrimination and promote social justice and protection, as well as equality between women and men, solidarity between generations and the protection of the rights of the child. In defining and implementing its policies and activities, the Union is to take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against poverty and social exclusion, a high level of education and training and protection of human health as laid down in Article 9 of the Treaty on the Functioning of the European Union (TFEU).

(3) In accordance with the TFEU, the Union has developed and implemented policy coordination instruments for economic and employment policies. As part of these instruments, the Guidelines for the Employment Policies of the Member States (the 'Guidelines') set out in the Annex to Council Decision (EU) 2020/1512 ([5]), together

1 OJ C , , p. .
2 OJ C , , p. .
3 OJ C , , p. .
4 OJ C , , p. .
5 Council Decision (EU) 2020/1512 of 13 October 2020 on guidelines for the employment policies of the Member States OJ L 344, 19.10.2020, p. 22–28.

with the Broad Guidelines for the Economic Policies of the Member States and of the Union set out in Council Recommendation (EU) 2015/1184 ([6]), form the Integrated Guidelines. They are to guide policy implementation in the Member States and in the Union, reflecting the interdependence between the Member States. The resulting set of coordinated European and national policies and reforms are to constitute an appropriate overall sustainable economic and employment policy mix, which should achieve positive spill-over effects.

(4) The Guidelines are consistent with the Stability and Growth Pact, existing Union legislation and various Union initiatives, including Council Recommendation of 30 October 2020 ([7]), Council Recommendation of 15 February 2016 ([8]), Council Recommendation of 19 December 2016 ([9]), Council Recommendation of 15 March 2018 ([10]), Council Recommendation of 22 May 2018 on Key Competences and Lifelong Learning ([11]), Council Recommendation of 22 May 2019 ([12]), Council Recommendation of 8 November 2019 ([13]), Council Recommendation of 10 March 2014 ([14]), Council Recommendation of 24 November 2020 ([15]), the Commission Recommendation on an effective active support to employment following the COVID-19 crisis (EASE) of 4 March 2021 ([16]) and the [Council Recommendation on establishing a European Child Guarantee ([17])].

(5) The European Semester combines the different instruments in an overarching framework for integrated multilateral coordination and surveillance of economic and employment policies. While pursuing environmental sustainability, productivity, fairness and stability, the European Semester integrates the principles of the European Pillar of Social Rights, and its monitoring tool, the Social Scoreboard, and it foresees strong engagement with social partners, civil society and other stakeholders. It supports the delivery of the Sustainable Development Goals. The Union's and Member States' employment and economic policies should go hand in hand with Europe's transition to a climate neutral, environmentally sustainable and digital economy, improving competitiveness, ensuring adequate working conditions, fostering

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6 Council Recommendation (EU) 2015/1184 of 14 July 2015 on broad guidelines for the economic policies of the Member States and of the European Union (OJ L 192, 18.7.2015, p. 27).

7 Council Recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee 2020/C 372/01 (OJ C 372, 4.11.2020, p. 1–9).

8 Council Recommendation of 15 February 2016 on the integration of the long-term unemployed into the labour market (OJ C 67, 20.2.2016, p. 1).

9 Council Recommendation of 19 December 2016 on Upskilling Pathways (OJ C 484, 24.12.2016, p. 1).

10 Council Recommendation of 15 March 2018 on a European Framework for Quality and Effective Apprenticeships (OJ C 153, 2.5.2018, p. 1).

11 Council Recommendation of 22 May 2018 on Key Competences and Lifelong Learning (OJ C 189, 4.6.2018, p. 1).

12 Council Recommendation of 22 May 2019 on High Quality Early Childhood Education and Care System (OJ C 189, 5.6.2019, p. 4).

13 Council Recommendation of 8 November 2019 on Access to Social Protection (OJ C 387, 15.11.2019, p. 1).

14 Council Recommendation of 10 March 2014 on a Quality Framework for Traineeships (OJ C 88, 27.3.2014, p. 1).

15 Council Recommendation of 24 November 2020 on vocational education and training (VET) for sustainable competitiveness, social fairness and resilience 2020/C 417/01 (OJ C 417, 2.12.2020, p. 1–16).

16 Commission Recommendation (EU) 2021/402 of 4 March 2021 on an effective active support to employment following the COVID-19 crisis (EASE) C/2021/1372 (OJ L 80, 8.3.2021, p. 1–8).

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innovation, promoting social justice and equal opportunities, as well as tackling inequalities and regional disparities.

(6) Climate change and environmental related challenges, globalisation, digitalisation, artificial intelligence, teleworking, the platform economy and demographic change will transform European economies and societies. The Union and its Member States should work together to effectively address these structural factors and adapt existing systems as needed, recognising the close interdependence of the Member States' economies and labour markets, and related policies. This requires a coordinated, ambitious and effective policy action at both Union and national levels, in accordance with the TFEU and the Union's provisions on economic governance. Such policy action should encompass a boost in sustainable investment, a renewed commitment to appropriately sequenced reforms that enhance economic growth, quality job creation, productivity, adequate working conditions, social and territorial cohesion, upward convergence, resilience and the exercise of fiscal responsibility. It should combine supply- and demand-side measures, while taking into account their environmental, employment and social impact.

(7) The European Parliament, the Council and the Commission proclaimed the European Pillar of Social Rights ([18]) (the 'Pillar'). The Pillar sets out twenty principles and rights to support well-functioning and fair labour markets and welfare systems, structured around three categories: equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion. The principles and rights give direction to the Union's strategy, making sure that the transitions to climate-neutrality and environmental sustainability, digitalisation and demographic change are socially fair and just. The Pillar, with its accompanying Social Scoreboard, constitute a reference framework to monitor the employment and social performance of Member States, to drive reforms at national, regional and local level and to reconcile the 'social' and the 'market' in today's modern economy, including by promoting the social economy. On 4 March 2021, the Commission put forward an Action Plan for the implementation of the European Pillar of Social Rights ([19]), including ambitious but realistic headline targets and complementary sub-targets, in the employment, skills, education and social areas for 2030.

(8) On 8 May 2021, EU Leaders at the Porto Social Summit ([20]) recognised the European Pillar of Social Rights as a fundamental element of the recovery noting that its implementation will strengthen the Union's drive towards a digital, green and fair transition and contribute to achieving upward social and economic convergence and addressing the demographic challenges. They stressed that the social dimension, social dialogue and the active involvement of social partners are at the core of a highly competitive social market economy. Member States found that the European Pillar of Social Rights Action Plan presented by the Commission provided useful guidance for the implementation of the Pillar, including in the areas of employment, skills, health and social protection. They welcomed the new EU headline targets for 2030 on employment (78% of the population aged 20-64 should be in employment), skills (60% of all adults should participate in training every year) and poverty reduction (of at least 15 million, including five million children) and the revised Social Scoreboard

[18] Interinstitutional Proclamation on the European Pillar of Social Rights (OJ C 428, 13.12.2017, p. 10).

[19] Communication from the Commission to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions, The European Pillar of Social Rights Action Plan (COM/2021/102 final).

[20] European Council, Porto declaration, 8 May 2021.

with a view to monitoring progress towards the implementation of the Social Pillar principles as part of the policy coordination framework in the context of the European Semester. Moreover, they noted that, as Europe gradually recovers from the COVID-19 pandemic, the priority will be to move from protecting to creating jobs and to improve job quality, and stressed that implementation of the principles in the European Pillar of Social Rights will be essential to ensure the creation of more and better jobs for all within the framework of an inclusive recovery. Finally, Member States stressed the importance of closely following, including at the highest level, the progress achieved towards the implementation of the European Pillar of Social Rights and the EU headline targets for 2030.

(9) Reforms to the labour market, including the national wage-setting mechanisms, should follow national practices of social dialogue, with a view to providing fair wages that enable a decent standard of living and sustainable growth. They should also allow the necessary opportunity for a broad consideration of socioeconomic issues, including improvements in sustainability, competitiveness, innovation, quality job creation, working conditions, in-work poverty, education and skills, public health and inclusion and real incomes. Member States and the Union should ensure that the social, employment and economic impact of the COVID-19 crisis is mitigated and that transitions are socially fair and just. Strengthening the recovery and the drive towards an inclusive and resilient society in which people are protected and empowered to anticipate and manage change, and in which they can actively participate in society and the economy, should be pursued. A coherent set of active labour market policies consisting of temporary hiring and transition incentives, skills policies and improved employment services is needed to support labour market transitions as highlighted in the Commission Recommendation (EU) on an effective active support to employment following the COVID-19 crisis (EASE).

(10) Discrimination in all its forms should be tackled, gender equality ensured and youth employment supported. Access and opportunities for all should be ensured and poverty and social exclusion, including that of children, should be reduced, in particular by ensuring an effective functioning of labour markets and adequate and inclusive social protection systems, and by removing barriers to education, training and labour-market participation, including through investments in early childhood education and care and in digital skills. Timely and equal access to affordable long-term care and healthcare services, including prevention and healthcare promotion, are particularly relevant, in light of the COVID-19 crisis and in a context of ageing societies. The potential of people with disabilities to contribute to economic growth and social development should be further realised. As new economic and business models take hold in Union workplaces, employment relationships are also changing. Member States should ensure that employment relationships stemming from new forms of work maintain and strengthen Europe's social model.

(11) The Integrated Guidelines should form the basis for country-specific recommendations that the Council may address to the Member States. Given the comprehensive and forward-looking policy nature of the Recovery and Resilience Plans and since all Member States submitted such plans, there was no need in 2021 for the Commission to propose country-specific recommendations. The Commission nevertheless proposed recommendations on the budgetary situation of the Member States in 2021 as envisaged under the Stability and Growth Pact.

(12) Member States should make full use of REACT-EU ([21]) reinforcing cohesion policy funds until 2023, the European Social Fund Plus, the new Recovery and Resilience Facility ([22]) and other Union funds, including the Just Transition Fund and InvestEU, to foster employment, social investments, social inclusion, accessibility, promote upskilling and reskilling opportunities of the workforce, lifelong learning and high quality education and training for all, including digital literacy and skills. While the Integrated Guidelines are addressed to Member States and the Union, they should be implemented in partnership with all national, regional and local authorities, closely involving parliaments, as well as the social partners and representatives of civil society.

(13) The Employment Committee and the Social Protection Committee should monitor how the relevant policies are implemented in light of the guidelines for employment policies, in line with their respective Treaty-based mandates. Those committees and other Council preparatory bodies involved in the coordination of economic and social policies should work closely together. Policy dialogue between the European Parliament, the Council and the Commission should be maintained, in particular as regards the guidelines for the employment policies of the Member States.

(14) The Social Protection Committee was consulted.

HAS ADOPTED THIS DECISION:

Article 1

The guidelines for the employment policies of the Member States, as set out in the Annex to Council Decision (EU) 2020/1512, are maintained for 2021 and shall be taken into account by the Member States in their employment policies and reform programmes.

Article 2

This Decision is addressed to the Member States.

Done at Brussels,

For the Council
The President

[21] Regulation (EU) 2020/2221 of the European Parliament and of the Council of 23 December 2020 amending Regulation (EU) No 1303/2013 as regards additional resources and implementing arrangements to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and its social consequences and for preparing a green, digital and resilient recovery of the economy (REACT-EU) (OJ L 437, 28.12.2020, p. 30–42).

[22] Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (*OJ L 57, 18.2.2021, p. 17–75).*